

Message Text

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ACTION ARA-10

INFO OCT-01 EB-08 ISO-00 DOTE-00 L-03 H-01 PRS-01 CIAE-00
INR-07 NSAE-00 AID-05 JUSE-00 TRSE-00 OES-06 EPA-01
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FM AMEMBASSY CARACAS
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INFO SECSTATE WASHDC 6837

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PASS TO OED/MEPD AND OIM

E.O. 11652: N/A
TAGS: BENC, VE
SUBJECT: MAJOR PROJECTS: RAILROAD

REFERENCE: CARACAS 1415; STATE 044045

1. DURING COURSE OF INTERVIEW IN WHICH EMBOFF PRESENTED GIST OF
STATE REFTEL TO INGENIERO LYON LUCHESSI OF THE RAILROAD INSTITUTE,
HE WAXED PHILOSOPHICAL ON THE PROGRESS OF THE BIDDING FOR THE
RAILROAD PROJECT.

2. LYON HAS JUST RECEIVED A DRAFT OF THE BECHTEL REPORT
ON TECHNICAL ASPECTS. HE EXPECTS FINAL REPORT BY END OF
THE WEEK. NEXT WEEK, HE WILL CONVENE THE BIDDING COM-
MISSION TO DISCUSS DETAILS. THE WEEK AFTER, VARIOUS
CONSORTIA WILL BE CALLED IN TO CLARIFY FOR THE COMMISSION
ANY REMAINING DOUBTFUL ASPECTS. HE HOPES, BY THE END OF
THE MONTH, TO HAVE FINALIZED THE BIDDING COMMISSION'S
REPORT WITH RECOMMENDATIONS TO THE NATIONAL EXECUTIVE,
I.E., MINISTER OF TRANSPORT AND COMMUNICATIONS AND THE
PRESIDENCY. THIS REPORT, ALONG WITH BECHTEL REPORT,
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WILL BE MADE AVAILABLE TO THE BIDDING CONSORTIA. LYON
LUCHESSI EXPECTS THE EXECUTIVE TO TAKE ONE AND A HALF
TO TWO MONTHS BEFORE A FINAL DECISION WOULD BE RENDERED
BY PRESIDENT CARLOS ANDRES PEREZ.

3. WITH REGARD TO THE US CONSORTIUM'S OFFER, LYON
LUCHESSI SAID, QUOTE, IN YEARS PAST, I KNEW A HARD-

WORKING MORRISON KNUDSEN. THEIR BID PRESENTATION---
I JUST DON'T KNOW. PERHAPS THEY WERE DISTRACTED BY HE
GURI DAM PROJECT. PULLMAN, ON THE OTHER HAND, WAS MUCH
MORE INTERESTED. END QUOTE. LYON LUCHESSI THEN
MENTIONED THAT THE RAILROAD INSTITUTE HAD TAKEN NOTE OF
THE US CONSORTIUM'S FINANCING OFFER AND THAT A SEPARATE
REPORT TO THE NATIONAL EXECUTIVE WILL ALSO ALLOW THE
PRESIDENT TO TAKE INTO ACCOUNT THIS AND OTHER OFFERS.

4. IF EMBOFF INTERPRETS LYON LUCHESSI'S GENERAL TONE,
FACIAL EXPRESSION AND HESITATIONS CORRECTLY, HE FOR THE
FIRST TIME HAS DEVIATED FROM THE PARTY LINE THAT THE BID
AWARD WOULD BE MADE ON ANY BASIS OTHER THAN A STRAIGHT-
FORWARD ANALYSIS OF THE BID DOCUMENTS AND FINAL AWARD TO
THE BEST SINGLE CONSORTIUM OFFER. HE DID NOT VOLUNTEER
AND EMBOFF DID NOT PRESS FOR ANY PREDICTION OF WHAT
MIGHT ENSUE WERE THE LICITATION TO BE VACATED AND A
NEGOTIATED CONTRACT SOUGHT. IT IS CLEAR, HOWEVER, THAT HE
WAS DISAPPOINTED IN THE U.S. OFFER.

5. COMMENT: THERE ARE TWO TRENDS OF THOUGHT IN THE
EMBASSY AS TO HOW THIS PROJECT WILL END UP. ON THE ONE
HAND, THE BETTING IS THAT THE LICITATION WILL BE VACATED AND
ONE OR SEVERAL CONSORTIA IN COMBINATION WILL BE INVITED TO
PRESENT A PROPOSAL WHICH WILL BE NEGOTIATED AND SIGNED.
THIS IS BECAUSE THE COMPLEXITY OF THE PROJECT, THE
INDEFINITENESS OF THE DATA, AND THE RELUCTANCE OF ANY
REALLY RESPONSIBLE CONTRACTOR TO BID A FIRM PRICE ON THE
CIVIL WORKS PACKAGE RENDER ANY OTHER DECISION ILLOGICAL.
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THE OTHER BET IS THAT THE PRESSURE OF TIME, WITH ELECTIONS
COMING UP IN EIGHTEEN MONTHS, AND THE POSSIBILITY OF
EFFECTIVE OPPOSITION ATTACK ON ANY RESOLUTION OTHER THAN
THE ACCEPTANCE OF THE LOWEST AND MOST RESPONSIBLE BID,
WILL PUT THE BID INTO THE LAP OF CANADA OR SPAIN. THIS
LINE OF OPINION BELIEVES THAT PRESIDENT PEREZ CANNOT
LONGER DELAY AN ANNOUNCEMENT THAT THE NATIONAL RAILROAD
WILL BE STARTED DURING HIS PERIOD IN OFFICE.
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Sent Date: 04-Mar-1977 12:00:00 am
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Disposition Date: 22 May 2009
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Disposition History: n/a
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